



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

OUTLOOK FOR FOOD IN 1960

Talk by Harry Sherr
Agricultural Economics Division
at the 37th Annual Agricultural Outlook Conference
Washington, D. C., 9:15 A.M., Wednesday, November 18, 1959

The overall food situation in prospect for next year is similar to that for 1959. Supplies are expected to continue very large, and adequate to maintain civilian consumption of food in 1960 at about the present year's per capita rate. The rate in 1959 is estimated to be slightly higher than last year and 3 percent above the average for the immediate postwar period (1947-49). Consumer income, sustained by a high level of economic activity and employment, probably will be record large next year. This will likely be reflected in the continuation of a strong demand for food.

Retail food prices are expected to average a little lower in 1960 than this year. This will likely be mainly for the same reason as in 1959 -- lower prices to farmers for several important food commodities, such as meat animals, which will be in heavier supply. Food processing and marketing costs may be up a little, partly offsetting the expected reduction in farm prices. In the present year, the BLS Consumer Price Index **through** September averaged a little higher than in the same part of 1958, with the decline in retail food prices almost offsetting the increase for consumer nonfood goods and services.

The record high flow of disposable personal income likely for next year points to some increase over 1959 in consumer expenditures for goods and services. For food this will reflect primarily the large population and increased purchases of more expensive foods and more services with food, rather than more food per person. Calculated on a per capita basis, food expenditures are expected to account for somewhat more than a fifth of disposable personal income. This is about the same proportion as estimated for 1959, and a little less than in 1958.

Now for a more detailed review of the food supply and consumption prospects in the year ahead. Supplies are expected to continue large, close to those of the present year. Food stocks will likely be a little higher at the end of 1959 than at the beginning. With average weather, production of food crops will again be large in 1960. There probably will be more beef cattle and calves on farms and ranches this January 1 than last, but fewer dairy cows and heifers. However, the rate of culling of dairy animals will likely be less next year than in 1959, and milk output per cow at a record level. Marketings of hogs in 1960 will be a little larger than in 1959.

Civilian per capita consumption of meat is expected to be a little higher next year. The rate for the present year is estimated at 158.5 pounds. The increase will likely be mostly in beef. Pork

consumption may be up moderately from 1959 in the first half of 1960, with the increase about offset by the reduction in prospect for the second half. For beef, the prospective increase over the 1959 per capita rate may tend to be concentrated in the latter half of the year. The increase would be in medium and lower grades of beef, and reflect some step-up in the slaughter of cattle off grass. Slaughter marketings of this class of cattle have been at a reduced rate since 1958, when farmers began to build up the size of herds. Supplies of the better grades of beef will continue about as plentiful as in 1959. Per capita consumption of veal and lamb and mutton in 1960 may be up somewhat from this year. Average retail meat prices are expected to be down a little from 1959.

A little more milk and dairy products (in terms of total milk solids) will be available in 1960 than this year. Stocks may be somewhat smaller this January 1 than last, but production during the year may equal or even slightly exceed the output estimated for 1959. With the civilian population a little larger next year, per capita consumption of milk and dairy products (on a total milk solids basis) may be at the present year's rate. Among the various products, civilians probably will use about as much fluid whole milk and ice cream per person as this year, and slightly more fluid skim milk products and cream mixtures. However, declines are expected for butter and evaporated milk. With Commodity Credit Corporation stocks likely to be sharply lower than in 1959, USDA distribution of butter will be at noticeably curtailed rates next year. Per capita consumption of evaporated milk has been on the downtrend in the postwar period. This is due to several factors, including a change in infant feeding practices and the increase during the past decade in civilian use of nonfat dry milk, fluid whole milk, and "half and half". Retail prices of milk and dairy products are expected to average at least the same next year as in 1959.

Prospects are that there will be about as much poultry meat (both chicken and turkey) and eggs available next year as this. The postwar uptrend in production of commercial broilers and turkeys each may be restrained in 1960 by low prices relative to production costs. Prices will likely be held down by competition from red meats and by the fact that broiler production can be increased very rapidly if prices rise. Fewer farm chickens will be marketed next year for consumption because of reduced culling of the egg-laying flock. Broilers provide 80 percent of the total chicken meat supply. Because there will likely be somewhat fewer layers on farms this January 1 than last, egg production may be no greater than in 1959 at least until mid-1960. The level of supplies available late in 1960 will depend on the number of replacement chickens raised next spring.

Civilian consumption of chicken meat in 1960 is expected to be only a little below this year's peak rate of 29.8 pounds. The rate for turkey meat may be the same as this year's record of 6 pounds. Per capita consumption of eggs may be a little lower next year than in 1959, continuing the decline of recent years. Retail prices of eggs and chickens in 1960 are expected to average somewhat higher than this year, but those of turkeys will likely be about the same.

Record supplies of food fats and oils will be available in the year ahead, according to present prospects. The increase will likely reflect heavier output of lard and vegetable oils. Exports probably will be heavier than in 1959 mainly because of lower prices, further easing of conditions under which purchases for export can be financed with foreign currencies, and reduced supplies in other areas which sell fats and oils in the world market. U. S. civilian consumption of food fats and oils may total a little higher (in terms of oil equivalent) than in 1959, though on a per capita basis it will be about the same. Retail prices of the fats and oils food products will likely average lower in 1960 than this year.

The supply of grains will continue abundant in 1960. Civilian per capita consumption of cereal food products probably will be about the same as in 1959. Retail prices of these foods are expected to average a little higher next year because of slightly higher processing and marketing costs.

Moderately more processed fruits and about as much processed vegetables will be available during the current marketing season (which will end around mid-1960) as there was in the same part of 1958-59. Supplies of dried fruit will be close to the average of recent years, and much larger than last year's very low level. Among the major fresh fruits, the main changes from a year earlier are reflected in larger supplies of oranges and fewer apples and tangerines. Apples were in very heavy supply in the first half of 1959. Supplies of grapefruit are about as large as a year ago. Production indications for winter-season fresh vegetables are not yet available. However, with demand likely to continue strong, farmers will be encouraged to plant about as large an acreage to these crops as they did a year ago, if weather at planting time permits. Weather also will be a dominant factor influencing the volume of output. Supplies of domestically produced fresh vegetables this winter will be supplemented, as usual, by imports.

Potato supplies through winter 1960 will be noticeably smaller than the burdensome ones of a year earlier. However, they are adequate to permit civilians to consume potatoes at the same per capita rate as in winter 1959. Potato prices this winter are expected to average well above the very low ones of early 1959.

Dry field peas and the white varieties of dry edible beans are in much heavier supply and lower priced this season than last. Crops were noticeably larger this year than in 1958-59--production of field peas was below average last year.

Military purchases of food from domestic supplies probably will be about as large next year as in 1959. Food exports are expected to be up, with the increase likely to be in fats and oils (including oilseeds) and rice. Our supplies of these foods are heavy.